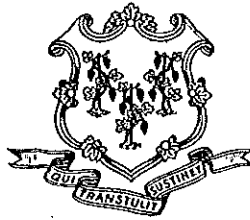


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Good afternoon Senator Crisco, Representative Megna and members of the Insurance and Real Estate Committee. I am here to testify in support of HB 5009, AN ACT CONCERNING THE RATE APPROVAL PROCESS FOR CERTAIN HEALTH INSURANCE.

First, I would like to thank Insurance Commissioner Thomas Leonardi for his work on this issue with Healthcare Advocate Victoria Veltri last year which ultimately led to an agreement that included certain important aspects that would have been enacted by SB 11 last year. I look forward to the opportunity to work with the commissioner and this committee to put that agreement into our statutes with some additional consumer protections.

The legislation before us now would also address the very different issue of long term care insurance rate increases. I have been contacted by numerous constituents who have had the rates of their long term care policies increase by as much as 39% in a single year. That kind of increase makes this insurance unaffordable for those who need it most. The rate increases requested for these policies require close examination.

In addition, the notice and comment requirements that were part of SB 11 are included in HB 5009. This provision increases consumers' ability to explain their views and experiences which should be extraordinarily useful to the commissioner in deciding whether to allow a rate increase. It will also increase transparency whether or not the specific rate increase is the subject of a public hearing. Again, I applaud the insurance commissioner for his work to create an agreement on notification for the individual market; I believe that we should expand that provision to include small group policies as well. I support codifying these protections in our statutes so that they could not be wiped away by the election of a new executive such as was the case with collective bargaining for state employees in the state of Indiana.

This legislation would, as does last year's agreement, establish procedures for a hearing for rate or amount filings made for certain health insurance policies, and would authorize the Healthcare Advocate and the Attorney General to be a party to any such hearing. I believe we should collaborate with the insurance department so that the hearings required here are compatible with the hearings required under the agreement.

Health insurance costs have risen at a higher rate than inflation for some years, and it is important that the corporations that offer this insurance be

required to justify their rate increases. We need to know that they are doing more than increasing corporate profits at the expense of our citizens.

The federal Affordable Care Act requires that as of 2011, all insurers seeking rate increases of 10 percent or more in the individual and small group market publicly disclose the proposed increases and the justification for them. These increases will be analyzed to determine whether they are unreasonable but will not be presumed unreasonable. State-specific thresholds will be set for disclosure of rate increases, using data specific to that state.

Under the federal regulation, states with effective rate review systems will conduct the reviews. If a state lacks the resources or authority to do thorough actuarial reviews, HHS would conduct these reviews for that state. Connecticut's rate review system has been deemed effective so that the review will be done by the insurance department. HHS will make resources available to states to strengthen their rate review processes and will post information about the outcome of all reviews (both those conducted by the state and by HHS) for increases above 10 percent. The justification provided by insurance companies for those increases determined to be unreasonable will also be posted. In addition, the insurance plan will have to make its justification for a rate increase available on its own website.

As we go forward we must keep the federal requirements in mind; I believe that our state would benefit most if Connecticut's rate review system continues to meet the federal requirements so that Connecticut would be permitted to continue to perform its own rate reviews rather than having the reviews done by HHS. It might be advantageous for Connecticut to create a trigger for the rate review which is more easily compatible with the federal regulation. However, I believe there is room for agreement here between the insurance department and the General Assembly. It might be appropriate to restrict the hearing requirements to individual and small group plans as the larger group plans have a better negotiating position vis-à-vis the insurance companies and the federal legislation rate review requirements do not apply to large group plans.

I look forward to working with you on this important issue. Thank you.